FUNDAMENTAL PETROLEUM TRENDS

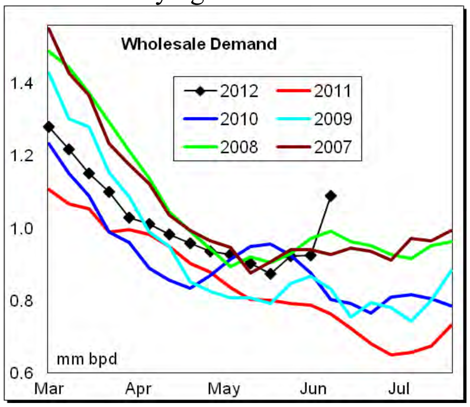
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

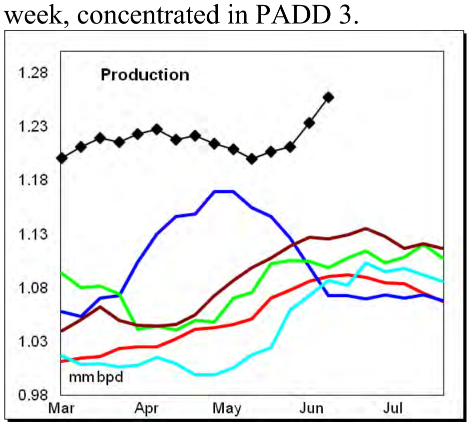
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Table of Contents

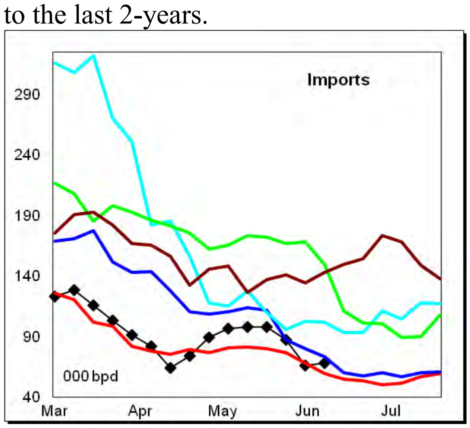
Summary[1]:
Wholesale demand surged +272,000 bpd on the week, driven by a surge in distributor buying.



Production increased +19,000 bpd last week, concentrated in PADD 3.

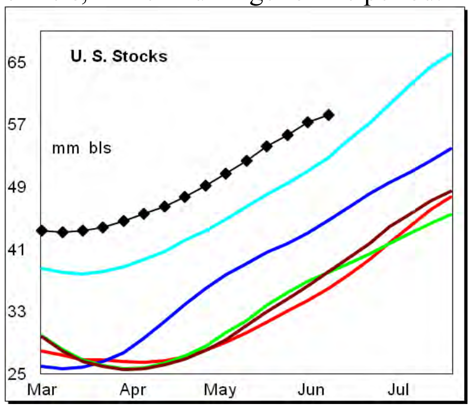


Imports increased +1,000 bpd on the week, and remain at a level comparable to the last 2-years.

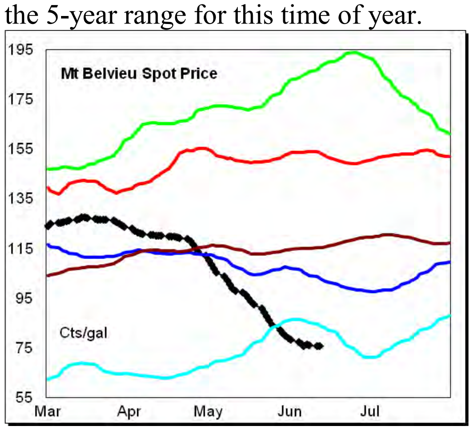


Combined production and imports during the latest 4-wk period were +138,000 bpd above a year ago. Production was +134,000 bpd above last year (+12%), while imports were +4,000 bpd higher. The latest 4-wk average demand was +122,000 bpd above last year.

Stocks increased +0.3 million barrels last week, and are now +63% above a year ago. The 4-wk stock change was a build of +6.2 million barrels, at the mid range for the period.



Price and Spreads Mt Belvieu spot prices decreased -3 cpg on the week ending 12Jun12, while Conway decreased -3.5 cpg during the same week. Conway and Mt Beliveu price levels are each below the 5-year range for this time of year.



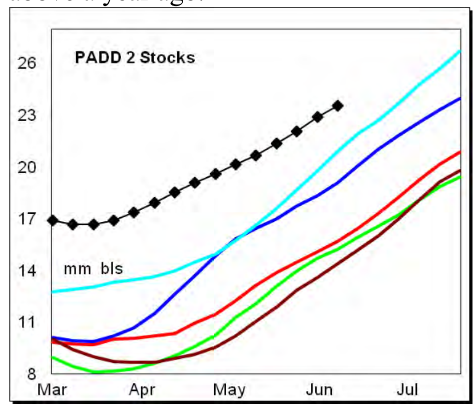
The Conway – Mt Belvieu price spread trended lower last week, ending the week at -21 cpg.

The propane to natural gas price spread trended higher last week on a pull back in natural gas prices.

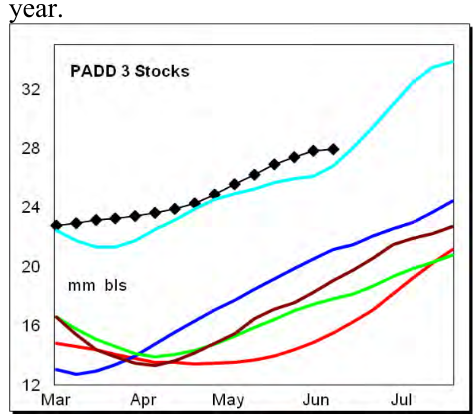
The propane / crude oil price spread traded sideways last week. The spread level remains at an all time low in favor of crude oil.

PADD 1 stocks decreased -0.1 million barrels last week, ending the week +39% above a year ago. Supply decreased -6,000 bpd due to lower production. Supply for the latest 4-wk period was +25,000 bpd above last year, on higher production.

PADD 2 stocks increased +0.4 million barrels on the week. Supply decreased -15,000 bpd on lower production and imports. The latest 4-wk average supply was +22,000 bpd above a year ago. Stock levels ended the week +52% above a year ago.



PAD 3 stocks decreased -0.2 million barrels on the week, with the 4-wk stock change a build of +1.5 million barrels, near historic lows for the week. Stock levels ended the week +81% above last year.



PADDs 4 & 5 stocks increased +0.2 million barrels on the week. The stock level was +89% above a year ago.

Emerging Trends Distributors purchased heavily last week as prices hit new 5-year lows. The high demand limited stock building on the week; however production was nearly +175,000 bpd above last year for the week. Expect price weakness to continue.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

June 13, 2012

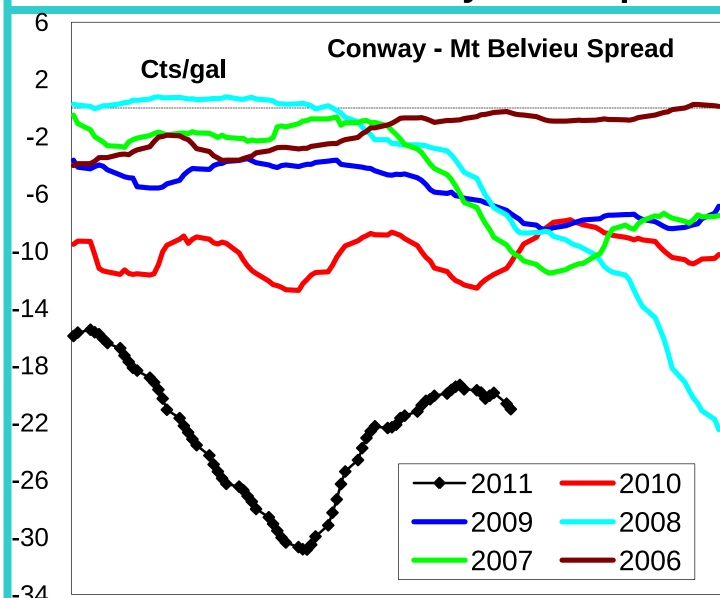
Fundamental Trends for the Week Ending: Friday, June 08, 2012

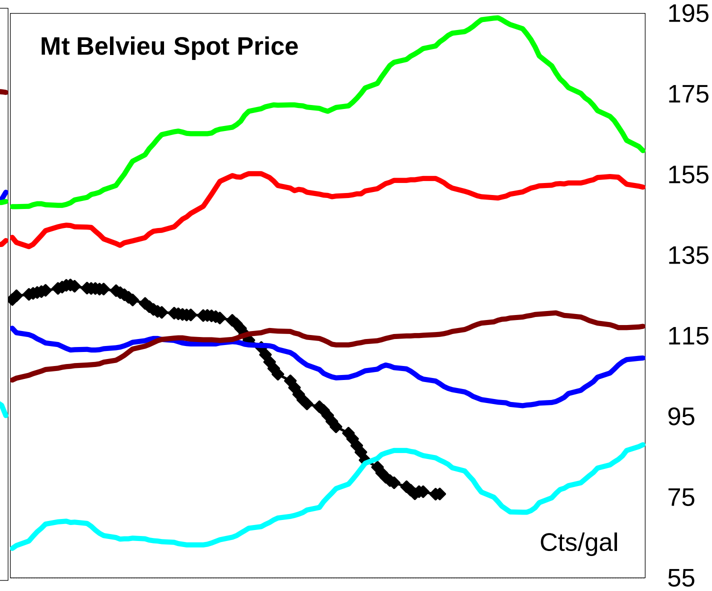
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	58,241	4,861	23,557	27,942	1,881	326	-77	387	-178	194
Propylene Stocks	3,678					122				
Production	1,257	63	279	786	129	19	-7	-11	23	14
Imports	68	27	33	0	8	1	1	-4	0	3
Whsle Demand	1,129					272				

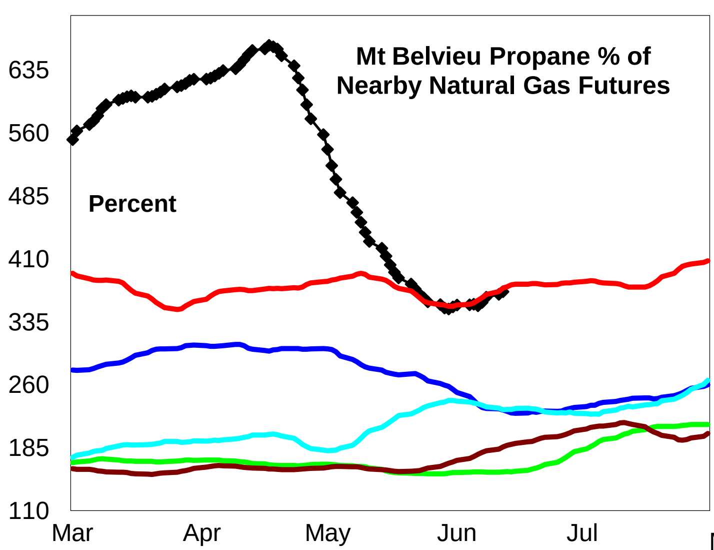
Price Trends for the Week Ending: Tuesday, June 12, 2012

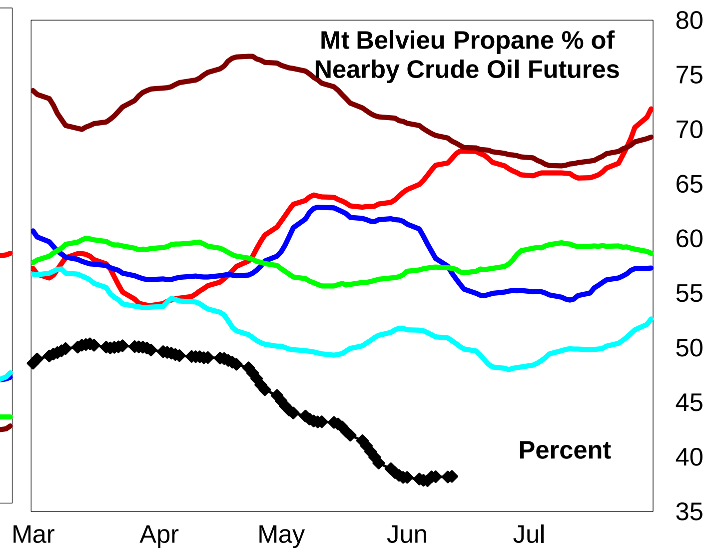
Cents/gal	Average for week ending:				Change from:			% change from:		
	6/12/12	6/5/12	5/15/12	6/15/11	6/5/12	5/15/12	6/15/11	6/5/12	5/15/12	6/15/11
Mont Belvieu Spot	76.4	75.8	99.5	154.0	0.60	-23.69	-54.53	0.8	-23.8	-35.4
Conway Spot	56.5	55.4	77.4	142.7	1.04	-21.94	-65.30	1.9	-28.4	-45.8

Key Price Spreads and Differentials

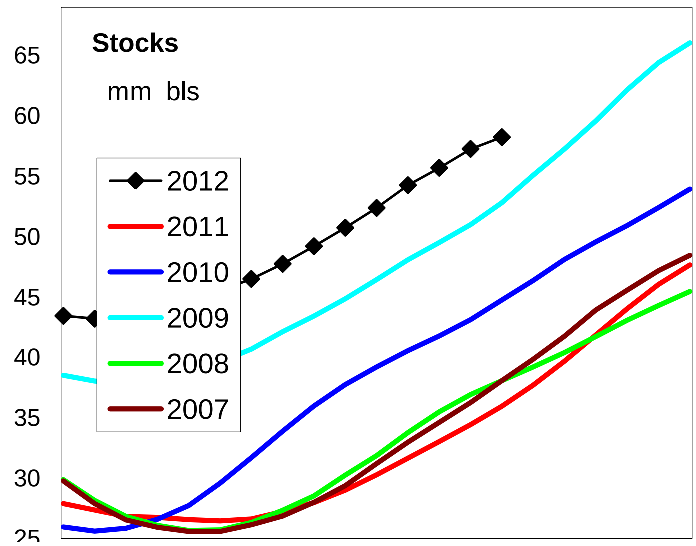


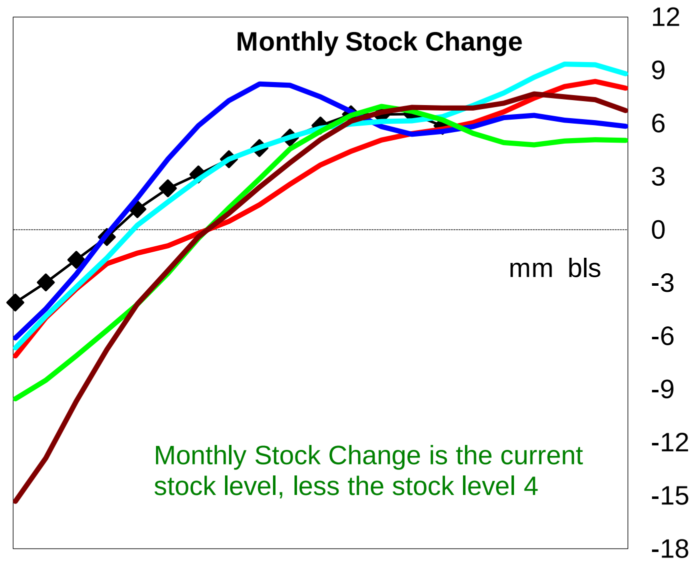


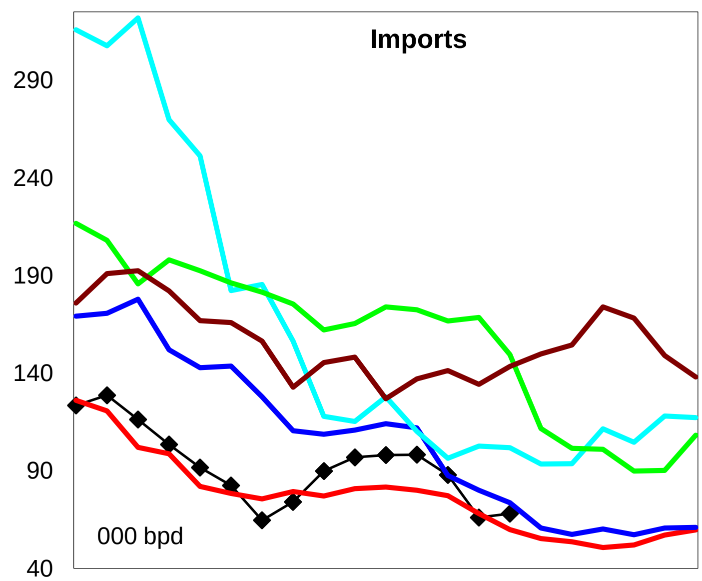


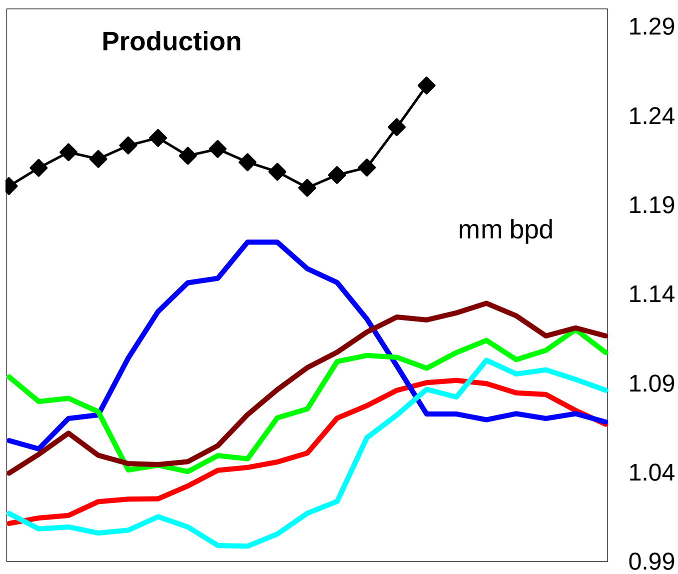


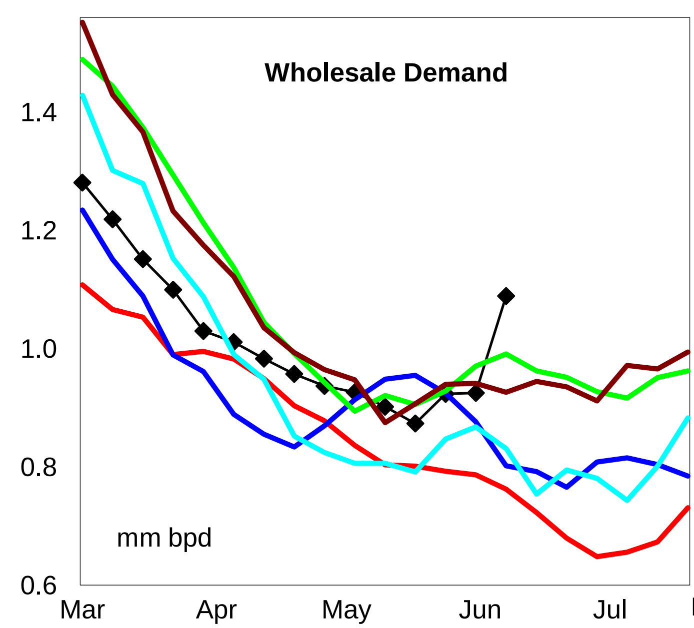
U. S. Propane Supply and Demand Balance

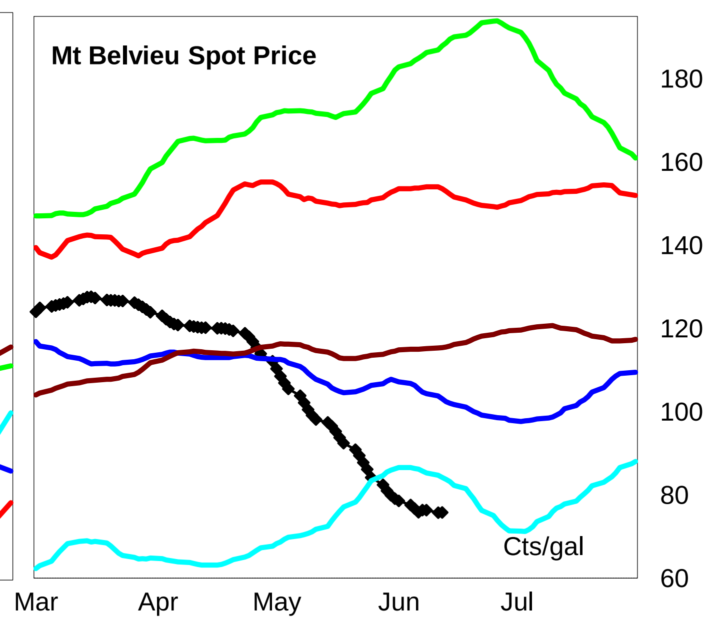








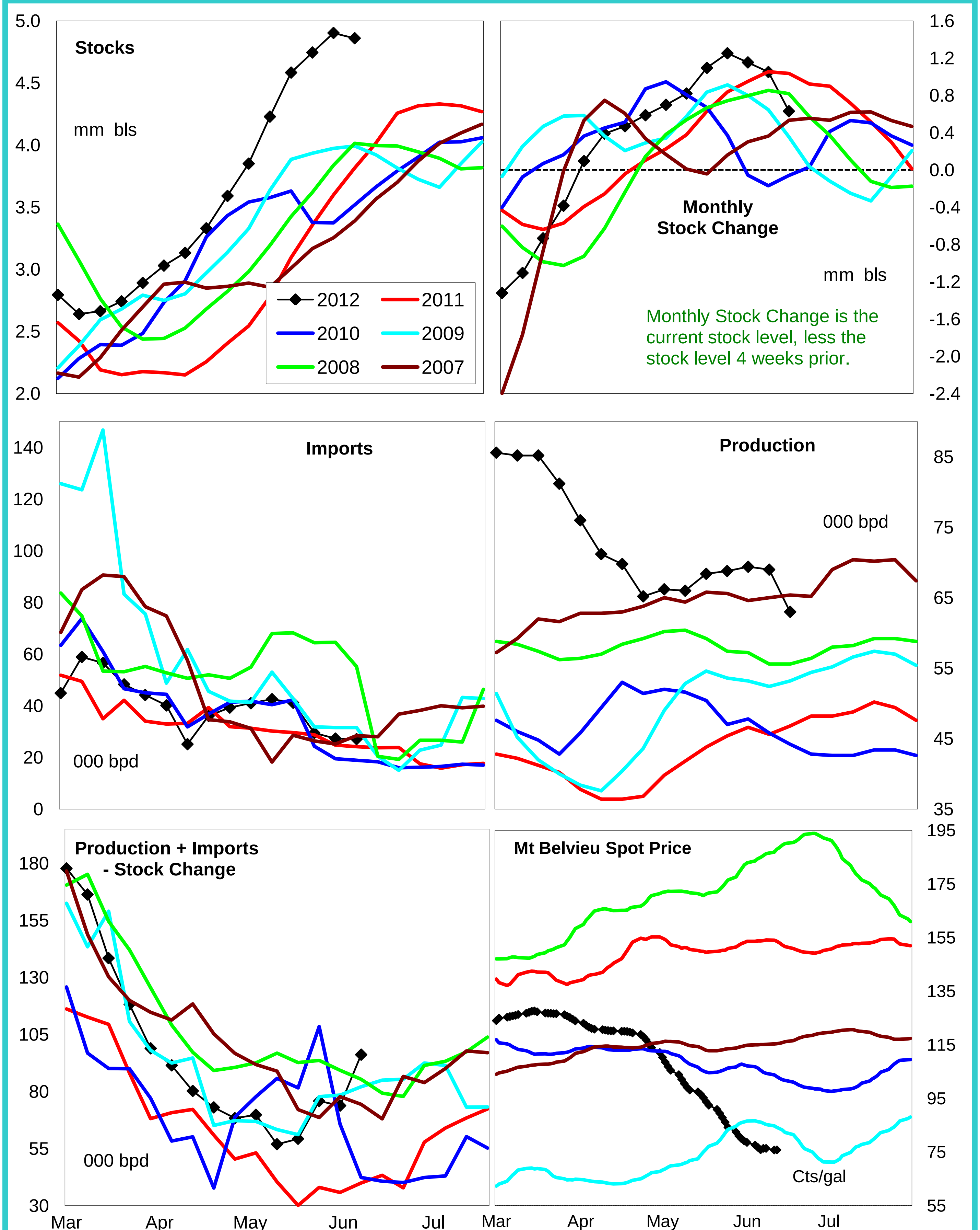




4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	May	Apr	Mar
000 bpd (000 bls stks)	22,542	192	134	4		122	-12	56	-55
% change	63.1	3	12.3	4.9		14.3	-1.3	6.0	-4.6

Lehi German Tel: 816-505-0980

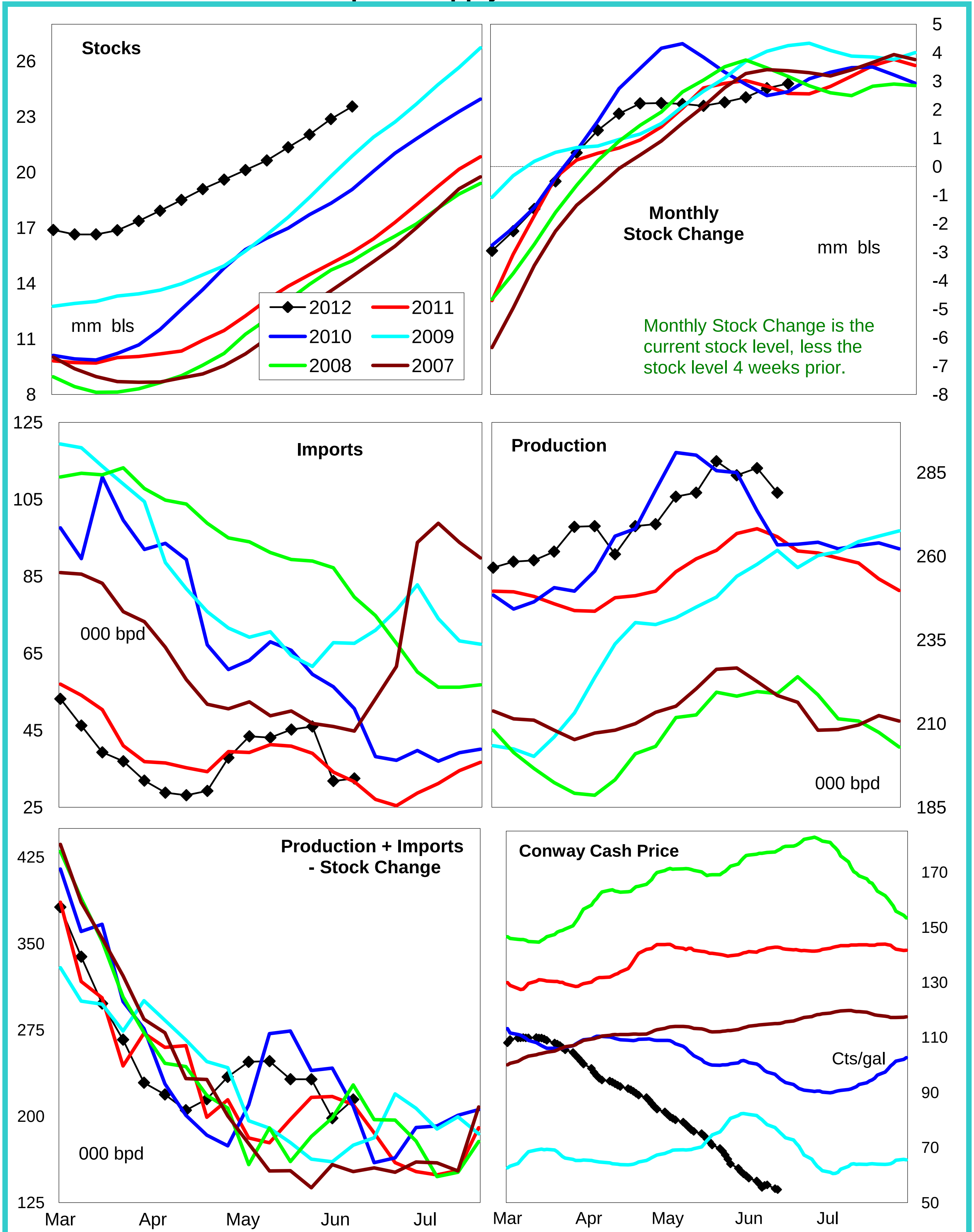
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,103	-405	22	3	40
% change	29.4	-39.1	46.2	13.0	112.2

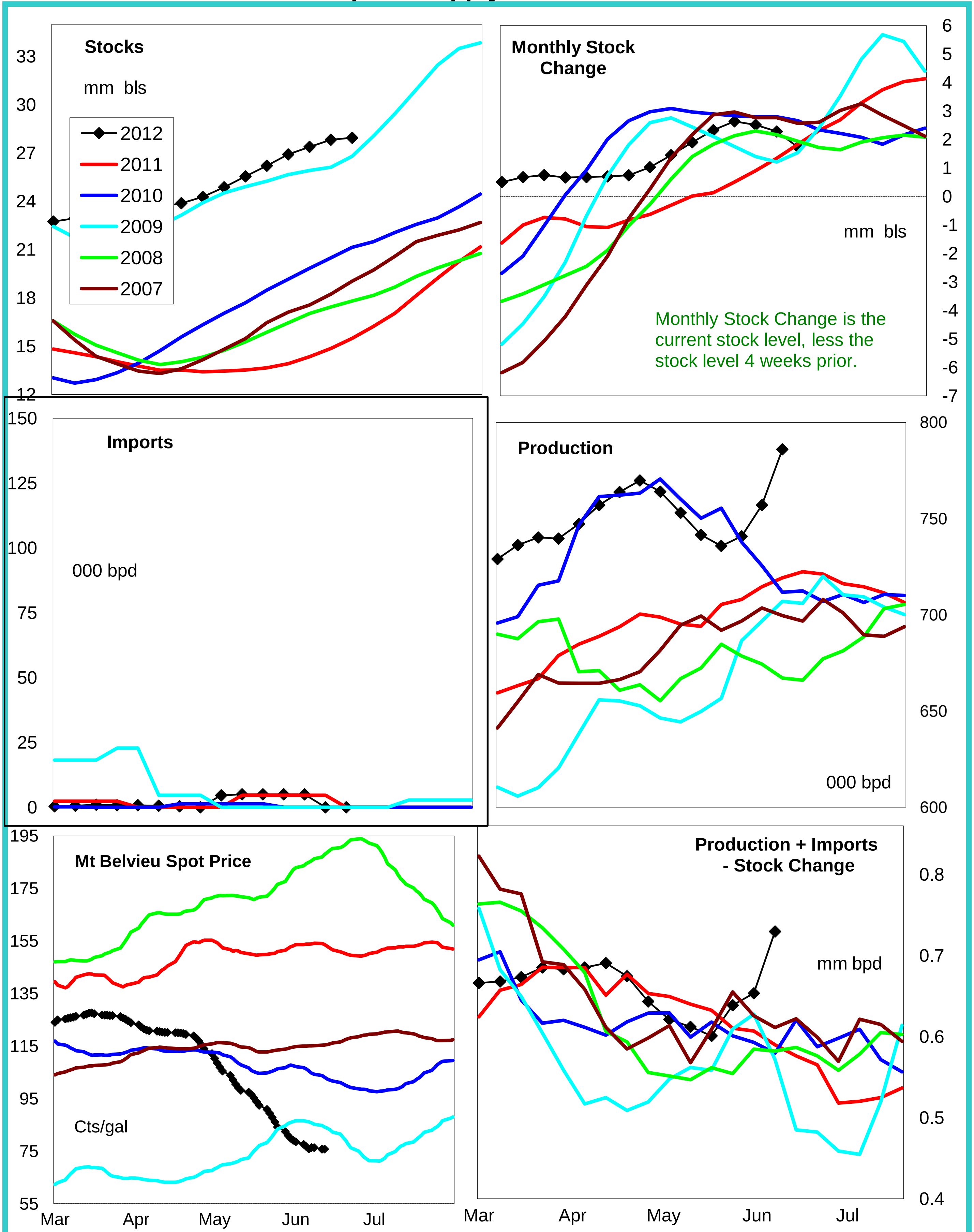
Lehi German Tel: 816-505-0980

PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	8,033	343	19	3	9
% change	51.7	13.3	6.9	7.9	4.3

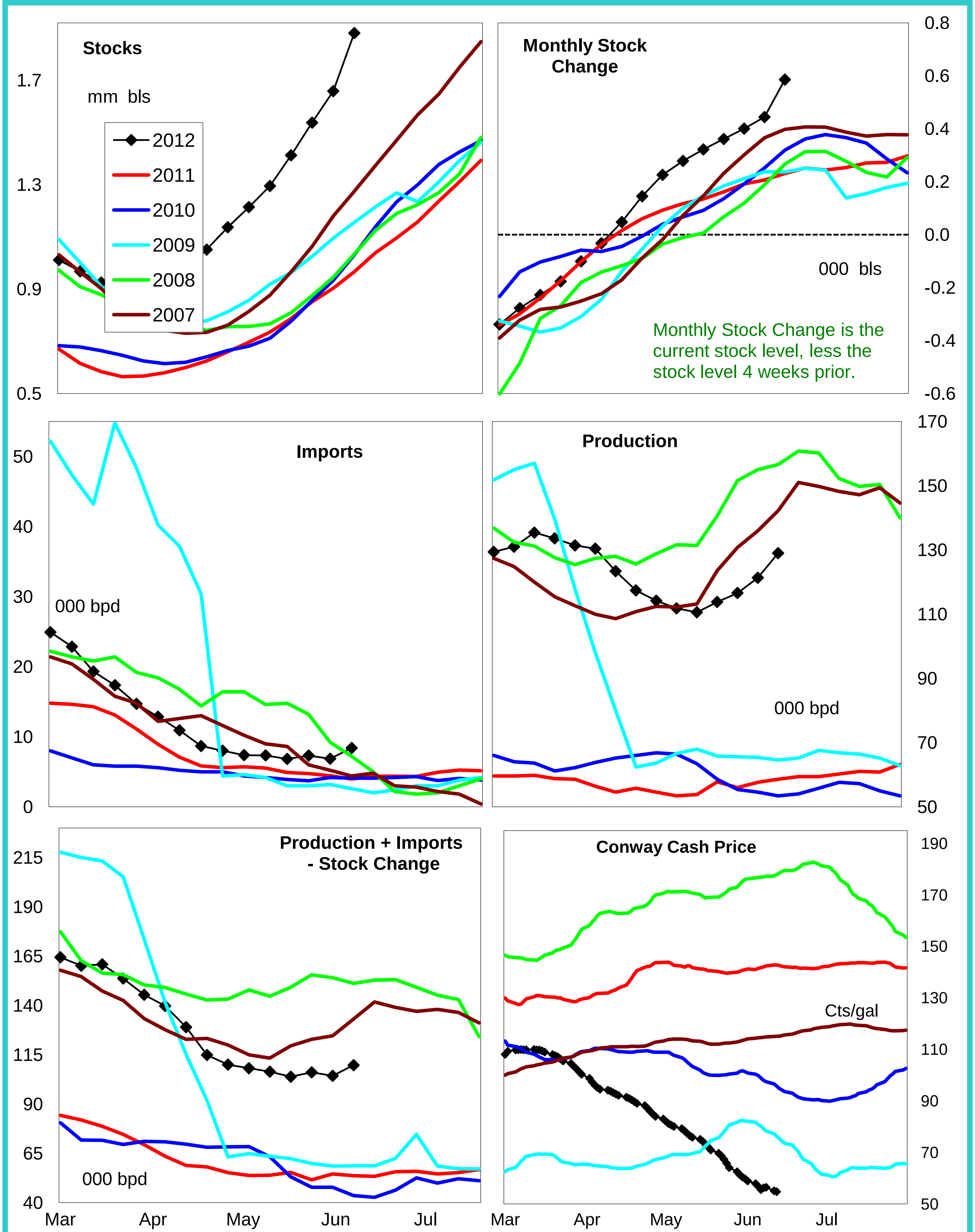
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	12,521	-100	33	-5	46
% change	81.2	-5	4.5	-91.3	7.0

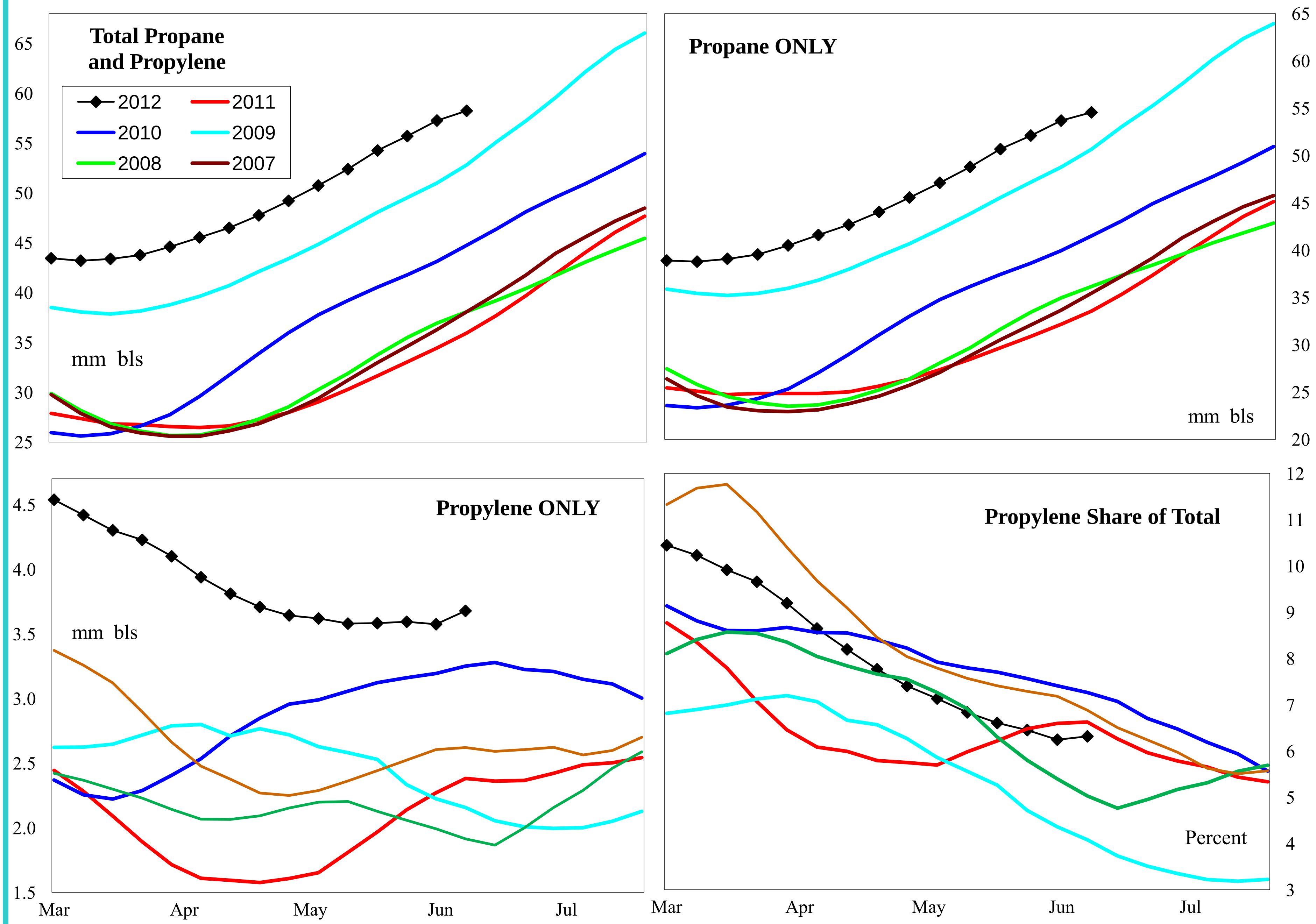
Lehi German Tel: 816-505-0980

PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	885	355	62	3	52
% change	88.9	153.6	107.4	59.7	97.1

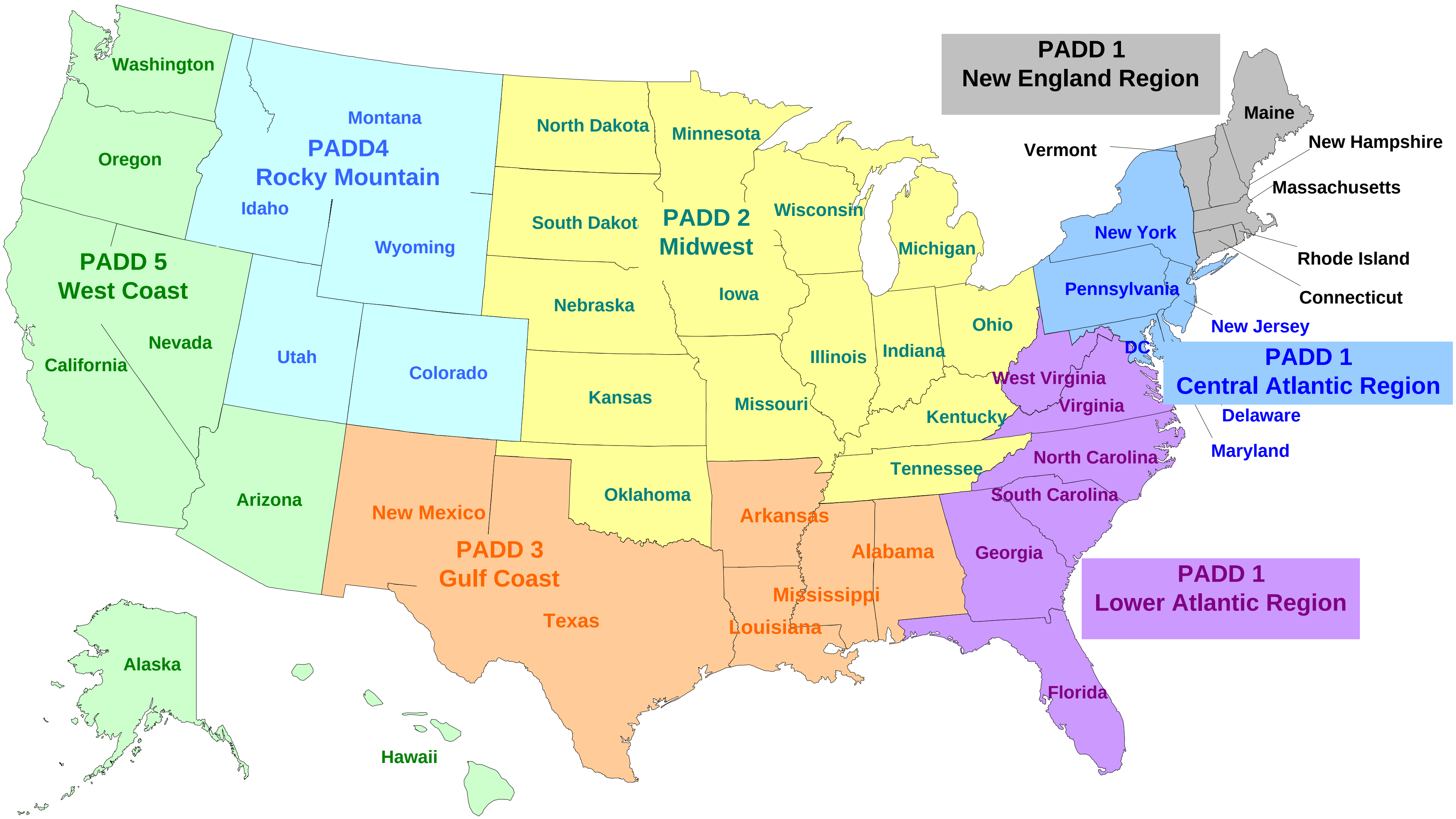
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	22,542	21,266	1,296
% change	63.1	63.9	54.4

Lehi German Tel: 816-505-0980

U. S. Petroleum Administrative for Defense Districts (PADDs)



Lehi German Tel: 816-505-0980